

**DOCUMENT RESUME**

02145 - [A1432411]

[Government Liability for Late Payment Charges on Utility Bills]. B-188616. May 12, 1977. 2 pp.

Decision re: Western Massachusetts Electric Co.; by Elmer B. Staats, Comptroller General.

Issue Area: Facilities and Material Management (700).

Contact: Office of the General Counsel: General Government Matters.

Budget Function: Interest: Other Interest (902).

Organization Concerned: General Services Administration.

Authority: B-186494 (1976). B-184962 (1975). B-173725 (1971).

The Director of the Finance Division of the General Services Administration Region 1 requested an opinion regarding the Government's liability for cumulative interest charges on overdue utility bills. The Government is liable for late payment charges on such bills where the terms of the utility company's published rate schedule so provides. (Author/SC)

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**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

GGM  
GRAMMER

FILE: B-188616

DATE: May 12, 1977

MATTER OF: Western Massachusetts Electric Company

DIGEST: Government is liable for late payment charges on overdue utility bills where terms of utility company's published rate schedule so provides.

This is in response to a request from the Director, Finance Division, General Services Administration (GSA) Region I, for our opinion concerning GSA's liability for cumulative interest charges on overdue utility bills submitted to GSA by the Western Massachusetts Electric Company (Western).

Western's published rate schedules, which serve as its contract with its customers, provide that interest is charged at the rate of 1-1/2 percent per month on the unpaid balance if the bill is not paid within 28 days. The record shows that although GSA is now promptly remitting its payments to Western, interest continues to accrue against GSA since it is being compounded on previous late payment charges, most of which were incurred between April 1974 and December 1974.

We have been asked to determine the extent of GSA's liability for the interest charges. Specifically, we have been asked whether GSA is liable for late payment charges incurred before our decision B-186494, July 22, 1976, in which we held that late charges may properly be paid notwithstanding a provision in the contract between the agency and the utility that services shall be paid without penalty or interest, if the applicable tariff obligates the user to pay late charges.

As early as 1971 we took the position that the Government could be liable for late payment interest charges on electric utility bills when the contract between the utility and the Government provides for such payments. In B-173725, September 16, 1971, we concluded under facts virtually identical to those of the instant case that--

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"\* \* \* since the Government accepted this utility service with the understanding that its obligation for payment would be governed by the published rate schedule, it is also bound by the late payment clause contained within that schedule."

Similarly, in B-184962, November 14, 1975, we held that the New England Division of the Army Corps of Engineers could properly pay Western Massachusetts Electric Company's interest charges for late payment under the same published rate schedules as those now in question. Thus, our decision B-186494, July 22, 1976, is merely an affirmation of an established precedent that late charges for utility services may be paid if the contract can be construed as requiring such payments as part of the applicable rate schedules.

Therefore, payment of the \$134.97 in cumulative late payment interest charges is authorized, if otherwise proper.



Comptroller General  
of the United States